The BEACON SpotLight
A Study of Constitutional Issues by Topic

Issue 32: Introduction to Legal Tender Paper Currencies

This 32nd Issue of *The Beacon Spotlight* begins a discussion on legal tender paper currencies.

But, before examining the current crop, emitted in one form or another since 1862, it is appropriate to examine the previous emission, which began shortly after the battles of Lexington and Concord at the onset of the Revolutionary War.

Bills of Credit

On June 22 and 23, 1775, the delegates of the 12 States, which began meeting in May in the Second Continental Congress, began funding efforts, by emitting bills of credit.[1, 2]

In issuing the first paper currency (which soon became commonly known as Continental Currency), Congress resolved:

> "That a sum not exceeding two millions of Spanish milled dollars be emitted by the Congress in bills of Credit, for the defence of America…[in] the form…as follows…This bill entitles bearer to receive [x] Spanish milled dollars, or the value thereof in gold or silver, according to the resolutions of Congress, [first] held at Philadelphia, on the 10th of May, A.D. 1775."[3]

The chart below lists the resolution dates, authority citations and amounts of Continental Currency authorized to be emitted by the Second Continental Congress, which amounted to $231,552,775.

1. Georgia (as a whole) did not approve delegates to attend until July 20th (as the colony held out hope for Great Britain to help resolve their land disputes with the Cherokee and Creek Nations). The Georgia delegates didn't arrive in Philadelphia until September [although Lyman Hall, nominally representing St. Johns Parish, Georgia, attended beginning May 13th]).

2. Bills of credit—paper currency—are written documents payable to the bearer, redeemable in the future, nominally in hard money and at face value. They didn't earn interest, at least as people today typically understand the paying of interest (after the fact).

There are two primary ways to figure interest.

If interest is collected after the fact, it is simply added to the principal according to the agreed-upon terms and rate. For example, if $100 is loaned at 6% simple interest for one year; at the end of one year, a total of $106 is due.

Conversely, interest may be collected as time passes/up front.

If the issuer of a $100 note agrees to the payment of 6% interest in one year, he may discount that note up front and accept $94 and 34 cents in goods or money, being responsible for the repayment of $100 in one year.

Discounting greases the skids for transfering debt instruments between creditors, allowing each holder the precise amount of interest due, dependent upon the time held/time to maturity (here, ignoring additional discounts due to the likelihood of default).

The early banks were long known as offices of "discount and deposit," for their discounting of currency/securities to their market values and for their accepting customer deposits, for safekeeping/investing.

3. Volume 2, *Journals of the Continental Congress,* Pp. 103-106.

Statement of Emissions of Continental Currency

Date	Journals of the Continental Congress: Vol. #	Journals of the Continental Congress: Page #	Amount of Currency Authorized
June 22, 1775	2	103	$2,000,000.00
July 25, 1775	2	207	$1,000,000.00
November 29, 1775	3	390	$3,000,000.00
February 17, 1776	4	157	$4,000,000.00
May 9, 1776	4	339	$5,000,000.00
July 22 & August 13, 1776	5	599, 651	$5,000,000.00
November 2 & December 28, 1776	6	918, 1047	$5,000,000.00
February 26, 1777	7	161	$5,000,000.00
May 20, 1777	7	373	$5,000,000.00
August 15, 1777	8	646	$1,000,000.00
November 7, 1777	9	873	$1,000,000.00
December 3, 1777	9	993	$1,000,000.00
January 8, 1778	10	28	$1,000,000.00
January 22, 1778	10	82	$2,000,000.00
February 16, 1778	10	174	$2,000,000.00
March 5, 1778	10	223	$2,000,000.00
April 4, 1778	10	309	$1,000,000.00
April 11, 1778	10	337	$5,000,000.00
April 18, 1778	10	365	$500,000.00
May 22, 1778	11	524	$5,000,000.00
June 20, 1778	11	627	$5,000,000.00
July 30,1778	11	731	$5,000,000.00
September 5, 1778	12	884	$5,000,000.00
September 26, 1778	12	962	$10,000,100.00
November 4, 1778	12	1100	$10,000,100.00
December 14, 1778	12	1218	$10,000,100.00
February 3, 1779	13	139	$5,000,160.00
February 19, 1779	13	209	$5,000,160.00
April 1, 1779	13	408	$5,000,160.00
May 5, 1779	14	548	$10,000,100.00
January 14 & May 7, 1779	13/14	64/ 557	$50,000,400.00
June 4, 1779	14	687	$10,000,100.00
July 17, 1779	14	848	$5,000,180.00
July 17, 1779	14	848	$10,000,100.00
September 17, 1779	15	1076	$5,000,180.00
September 17, 1779	15	1076	$10,000,080.00
October 14, 1779	15	1171	$5,000,180.00
November 17, 1779	15	1285	$5,000,040.00
November 17, 1779	15	1285	$5,050,500.00
November 29, 1779	15	1324	$10,000,140.00
			$241,552,780.00 [4]

4. Actual Total: $231,552,775.00.[5]

5. The $241,552,780 figure is $10,000,005.00 too high, because $10,000,000 of the issuance authorized on January 14, 1779 (out of the $50,000,400 therein authorized) replaced $5 million of the emissions of May 20, 1777 and $5 million of the emissions of April 11, 1778, which were taken out of circulation and destroyed by order of Congress, on January 2, 1779 (13 *Journals of the Continental Congress*, pp. 21, 22), due to their excessive counterfeiting by "our enemies at New York" and $5 was never emitted (see the May 7, 1779 Resolution [14 *Journals* 553 @ 557], due to a change in denominations authorized.

Total authorization for the standard bills of credit emitted under the Second Continental Congress therefore amounted to $231,552,775, but note also that a minor amount of new tenor (less-inflated) bills were also (more-responsibly) emitted in 1780 (see March 18, 1780 Resolution [16 Journals 264 – 267]).

Source: *American State Papers*, Finance Series, Volume 5, pg. 763 @ 764. 20th Congress, 1st Session. House Document # 839 "*Amount of Continental Money Issued during the Revolutionary War*..." , 1828.

Paper currency, due to the ease of issue, is especially prone to over-emission, which quickly causes monetary debasement, wherever the bills circulate.

At every moment, then—depending upon the productivity of the printing presses—purchasing power is taken from the value of the bills earlier printed, like a hidden tax gobbling up everything in its path.

With a steep fall in value due to over-emission, Congress took futile steps to support the failing currency. Try as Congress may, it was beyond their power to uphold its value, because they couldn't redeem the currency in silver or gold, as promised.

On January 11, 1776, Congress resolved:

> "That if any person shall hereafter be so lost to all virtue and regard for his country as to 'refuse to receive said bills in payment,' or obstruct or discourage the currency or circulation thereof, and shall be duly convicted…such person shall be deemed, published, and treated as an enemy of his country, and be precluded from all trade or intercourse with the inhabitants of the colonies."[6]

Not only did calling people unpleasant names not stop the steep discounting of the Continental Currency, nor did attempts at asset forfeiture. On January 14, 1777, Congress went so far as to resolve:

> "That all bills of credit, emitted by the authority of Congress, ought to pass current in all payments, trade and dealings, in these States, and be deemed in value equal to the same nominal sum in Spanish milled dollars; and that whosoever shall offer, ask, or receive more in the said bills for any gold or silver coins, bullion, or any other species of money whatsoever, than the nominal sum or amount thereof in Spanish milled dollars, or more, in the said bills, for any lands, houses, goods, or commodities whatsoever, than the same could be purchased at of the same person or persons in gold, or silver, or any other species of money whatsoever; or shall…refuse to sell the same for the said continental bills; every such person ought to be deemed an enemy to the liberties of these united States, and to forfeit the value of the money so exchanged, or house, land, or commodity so sold or offered to sale."[7]

The resolution—in admitting that "bills of credit… *ought to pass current* in all payments"—all but admitted that the delegates were impotent to enforce the matter.

The Continental Currency of the Revolutionary era soon became worthless, such that the phrase "Not Worth a Continental" left an indelible mark on the minds of all those who went through it (including the many delegates who later attended the Constitutional Convention of 1787, as well as the delegates of the various State ratifying conventions).

Lotteries

Other methods for raising government funds were sought and tried, including a national lottery, of November 18, 1776.[8]

Had all the tickets from the four successive lotteries been sold, $10 million would have been raised. Congress would have received $1.5 million. The remaining $8.5 million was to be earmarked to be paid out in prizes—$3.1 million in currency, and $5.4 million would be deferred for five years, with annual interest payments due the winners.

$1.5 million in cash and $5.4 million in five-year loans would have been a successful fund-raising scheme, had the targeted sales figures been reached. Sales were lackluster, however, because people either opposed gambling, were frugal, or, perhaps, simply distrustful of the ultimate value of their winnings should they ever win (during this period occurred some of the greatest monetary devaluation of the currency).

Loan Office Certificates

The first borrowing of money in a more formal nature consisted of Loan Office Certificates. These certificates were first issued on October 3, 1776, when Congress authorized the issuance of $5 million.

These certificates differed from Continental Currency in two important ways. First, they bore interest, initially at four percent per annum.

Secondly, they were issued in amounts between $200 and $10,000 (quite large sums of money for the day). Loan Office Certificates did not circulate as money, but were investment vehicles.

Loan offices were directed to be established in each State by the October 3rd resolution, for convenience of buyers and lenders and to keep track of the money lent and the certificates issued.

Commissioner of Army Accounts Certificates

A close relative of the Loan Office Certificates were certificates issued by the Commissioner of Army Accounts (for war materiel and supplies).

The interest-bearing Loan Office Certificates and Army Certificates were issued more moderately as compared with Continental Currency, yet they also suffered an extensive amount of depreciation.

Besides issuing various government securities including bills of exchange, Congress sought other ways to support the war effort.

Bounties and Prizes

Bounties were offered to aid enlistment. On September 16, 1776, Congress, in enlisting 88 battalions, resolved:

> "That twenty dollars be given as a bounty to each non-commissioned officer and private soldier, who shall inlist to serve during the present war, unless sooner discharged by Congress:
>
> "That Congress make provision for granting lands, in the following proportions: to the officers and soldiers who shall so engage in the service, and continue therein to the close of the war, or until discharged by Congress, and to the representatives of such officers and soldiers as shall be slain by the enemy:
>
> "Such lands to be provided by the United States, and whatever expence shall be necessary to procure such land, the said expence shall be paid and borne by the states in the same proportion as the other expences of war, viz.
>
> "To a colonel, 500 acres; to a lieutenant colonel, 450; to a major, 400; to a captain, 300; to a lieutenant, 200; to an ensign, 150, each non-commissioned officer and soldier, 100."[9]

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6. Volume 4, *Journals of the Continental Congress,* Page 49. Italics added.

7. Vol. 7, *Journals*, Page 33 @ 35 – 36.

8. Vol. 6, *Journals*, Page 957 @ 959 – 961.

Granting lands to soldiers and officers helped ease the necessity for ready cash.

It wasn't until October 22, 1787 that Congress (under the Articles of Confederation) finally designated the public lands from which the military land warrants would be issued to fulfill these bounties:

> "*Resolved*, That a million of Acres of land… be reserved and set apart for the purpose of satisfying the military bounties due to the late Army."[10]

The reason that it took four years after the conclusion of the war to even indicate the location from where these lands would be granted (within the bounds of the territory "North West of the River Ohio") is that many factors had to be settled. State cessions of un-apportioned lands to the United States had to be completed; Indian claims of possession had to be extinguished; territorial government had to be set up (via the Ordinance of 1787); land offices established and manned; lands surveyed and roads opened.

The bounties helped, but they still constituted an expense to a woefully-underfunded Congress.

Prizes, alternatively, cost the United States nothing—for they consisted of assets of the enemy. The capture of enemy ships provided seamen strong financial incentives while easing their burdens from lack of regular military pay.

On January 6, 1776, the Continental Congress issued the following resolve declaring the proportions of prizes to be divided amongst the crew of a successful naval operation. The resolution read:

> "*Resolved*, That the Commander in chief have one twentieth (part) of the said allotted prize-money, taken by any ship or ships, armed vessel or vessels, under his orders and command.
>
> "That the captain of any single ship or armed vessel, have two twentieth parts for his share, but, if more ships or armed vessels be in company when a prize is taken, then the said two twentieth parts to be divided amongst all said captains.
>
> "That the captains of marines, lieutenants of the ships or armed vessels, and masters thereof, share together, and have three twentieth parts divided among them equally, of all prizes taken when they are in company.
>
> "That the lieutenants of marines, surgeons, chaplains, pursers, boatswains, gunners, carpenters, the masters' mates, and the secretary of the fleet, share together, and have two twentieth parts and one half of one twentieth part divided amongst them, equally of all prizes taken when they are in company.
>
> "That the following petty warrant and petty officers, viz. (allowing for each ship, six midshipmen; for each brigantine, four midshipmen, and each sloop, two midshipmen, one captain's clerk, one surgeon's mate, one steward, one sailmaker, one cooper, one armourer, two boatswain's mates, two gunner's mates, two carpenter's mates, one cook, one cockswain, two serjeants of marines for each ship, and one surgeon for each brig and sloop) have three twentieth parts divided among them equally, and when a prize is taken by any ship or vessel on board of which the Commander in chief is, or in company, then the Commander in chief's cook or cockswain to be added to this allotment, and have their equal shares with these last mentioned.
>
> "That the remaining eight twentieths, and one half of a twentieth, be divided among the rest of the ship or ship's companies, as it may happen, share and share alike.
>
> "That no officer or man have any share but such as are actually on board their several vessels, when any prize or prizes are taken, excepting only such as may have been ordered on board any other prizes before taken, or sent away by his or their commanding officers."[11]

Naval ships, of course, were built and outfitted at the expense of the United States.

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9. Vol. 5, *Journals*, Page 760 @ 762-763.
10. Vol. 33, *Journals*, Page 695 @ 695-696.
11. Vol. 4, *Journals*, Pp. 36-37.

Even better than bounties and naval prizes, though, were the privateers who built and outfitted private ships of war at their own expense, who were given Letters of Marque and Reprisal by Congress (see Article I, Section 8, Clause 11 of the [later-ratified] Constitution). With this license, the captain and his private crew would be authorized by the United States to seek prizes of the enemy, under proper regulations, as their pay. If they were captured by the enemy themselves, the Letters provided them the protection of the United States—they were to be treated as prisoners of war rather than as common pirates.

Military Pensions

Like any good bankrupt with greater need than money, Congress continuously sought to pay in the future what they could not afford in the present. Thus, Congress developed their first military pensions, hoping to prolong some of the expense until after the war concluded and peace and prosperity returned.

On May 15, 1778, Congress resolved that any military officer who continued in service to the conclusion of the war would receive half pay for seven years following the war. Three qualifications were given—the first being "if they live so long."[12] They also had to actually reside in "some one of the United States."[13] The final requirement was that they could not later hold any office of profit under the United States or any of them (no "double-dipping"—no drawing of a military pension while also drawing a civil government salary).

Non-commissioned officers and soldiers were to receive "further reward of eighty dollars at the expiration of the war."[14]

On August 11, 1779, Congress resolved that officer's half-pay would "continue for life" and removed the restriction preventing double-dipping.[15]

On January 17, 1781, Congress extended benefits to the hospital department staff.[16]

12. 11 *Journals* 501 @ 502.
13. *Ibid.*
14. *Ibid.*
15. 14 *Journals* 944 @ 949.
16. 19 *Journals* 64, @ 68-69,

On March 22, 1783, Congress authorized five years full pay in money or interest-bearing securities in lieu of half pay for life (the option determined by military lines in the separate States [rather than by individual decisions of the officers in those lines]).[17]

Requisitions

With the preceding means still insufficient to meet their needs, the last means to discuss is military requisitions (the polite way to say military confiscations).

An April 18, 1781 Congressional report, given by the committee appointed "to estimate and state the amount of debts due from the United States…" provided a cursory look at the methods attempted by Congress to raise sufficient revenue. After explanation of failed method after failed method, the report stated:

> "The army was in such extremity for want of provisions, that the Commander in Chief was reduced to the sad alternative, either to suffer it to disband, or to collect supplies by military force. He preferred the latter, and the inhabitants of New York and New Jersey, though they felt the injury, saw the necessity, and patiently submitted."[18]

Perhaps sadder words could not be written showing the level of desperation undoubtedly felt by General Washington—to be reduced to taking by force that which was needed for the war effort. Government securities, of course, were given to the owners, pledging future payment, but everyone knew that repayment would be drastically discounted from face value, due to the severe depreciation of the times.

On March 18, 1780, the delegates of the Second Continental Congress passed a resolution requesting the States:

> "pass laws enabling Congress to levy an impost of one per cent on all exports and imports, as a fund for sinking the emissions for carrying on the present war."[19]

Nothing came of this resolution, however.

17. 24 *Journals* 206 @ 207-210.
18. 19 *Journals* 402 @ 410.
19. 16 Journals 261.

The Articles of Confederation and Perpetual Union, first proposed in 1777, were finally ratified in 1781, once New York (as one of seven States with unpopulated western lands stemming back to its original colonial charter) agreed to cede its unapportioned western lands to Congress, to fund the war effort, on behalf of all the States.

With New York establishing the precedent, Maryland (without any such lands) finally withdrew its protest and approved, as the last of the States, the Articles of Confederation.

Seven of the 13 original States (Massachusetts, Connecticut, New York, Virginia, North Carolina, South Carolina and Georgia) had unoccupied, western lands stemming from their colonial charters. The remaining six argued that those unpopulated lands could not possibly be freed from British rule except by the common efforts of all the States, and thus, the eventual disposition of the lands into private ownership should serve to reduce the common war debts of all the States.

But, the Articles of Confederation also lacked the direct means for Congress to lay and collect taxes, duties, imposts and excises, and the debts continued to accumulate, even as the war dwindled in 1781, and was over in 1783.

The Articles allowed Congress, when nine States were in agreement, to lay requisitions upon the States for needed funds. Dealing with States sovereign in nature, however, meant that there was little enforcement mechanism, should any State fail to provide its appropriate share. And, while some States were largely current with their payments, others weren't.[20]

As detailed in the Congressional charge given for calling forth delegates who would eventually attend the 1787 Constitutional Convention—for "the sole and express purpose of revising the Articles of Confederation...to... render the federal Constitution adequate to the exigencies of government, and the preservation of the Union"— the greatest exigency remaining in 1787 was the need to bring current the overdue debts of the United States.[21]

Article VI, Clause 1 of the Constitution, as later proposed and ratified, provided a constitutional adoption of the previous debts of the United States, no matter the form of government (first, loosely organized under the Second Continental Congress, and then more formally under the Articles of Confederation), stating:

> "All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall be as valid against the United States under this Constitution, as under the Confederation."

The United States, no matter the form of government, sought to honor their earlier debts, by the express terms of the Constitution. This war-related debt, as noted accurately by Hamilton, was "the price of liberty."[22]

> "The debt of the United States… was the price of liberty."
>
> Secretary of the Treasury Alexander Hamilton

Though the debts were justified, and the repayment of them proper, they had been largely deferred due to the inability of the Second Continental Congress and Confederation Congress to raise necessary funds from the States. Deferral discounted their value further, souring the economic situation of the day, especially monied interests.

Article VII of the Constitution declares that the Constitution would be established (between the States so ratifying the same) upon the ratification of conventions of nine States. Thereafter, government could be scheduled to begin.

On March 4, 1789, a Congress of the 11 States which had ratified the Constitution began at New York.[23]

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20. See "Balance Owed to Creditor States" [$3,517,584], out of the "Assumed Debt of States" amount [$12,181,254], on the following chart, showing the "Liquidated Debt of the United States" as of 1790.

The "Balance Owed..." figure represents debts that were already paid, meaning the States which had been paying their debts were credited their earlier payments, so not as to favor the States who had paid little to date.

21. 32 *Journals* 73 @ 74.

22. *American State Papers*, Finance Series, Volume 1, 1st Congress, 2nd Session, House Report # 6 "*Public Credit,*" Page 15.

The House met and adjourned daily until a quorum could be met, with a minimum quorum finally meeting on April 1, 1789.

The Senate met and adjourned daily until a quorum was ultimately met on April 6, 1789.

A President was then soon elected according to proper form—Washington took his oath of office on April 30, 1789. The supreme Court justices were nominated, confirmed and first met on February 1, 1790.

Work began in earnest to devise a plan to bring current the overdue debts. The House of Representatives formally requested first Secretary of the Treasury Alexander Hamilton to lay out a plan for the repayment of debts.

Hamilton set about his Herculean task, ultimately devising a system of credit to augment (undermine?) the monetary supply of the nation.

Before figuring out how to pay back the debts, it was appropriate to figure out how extensive was that debt.

The adjoining chart represents the "liquidated" debt of the United States—"liquidated" referring to making provision for their repayment.

23. North Carolina and Rhode Island had not yet ratified the Constitution, and thus were not part of the United States assembling together under the Constitution, as of that date.

Liquidated Debt of the United States, as of January 1, 1790 [24]

Foreign Debt				
Due France				
Loans	(French Livres)			
November 5, 1781	10,000,000			
September 3, 1783	18,000,000			
January 1, 1784	6,000,000			
Supplies	532,364			
Arrears in Interest	8,967,913			
Total Livres	43,500,277			
Exchange Rate (at 18.15 cents/Livre, in dollars), equals	$7,895,300		$7,895,300	
Due Holland				
Loans	Dutch Guilders)			
June 11, 1782	5,000,000			
March 9, 1784	2,657,500			
June 1, 1787	1,000,000			
March 13, 1788	1,000,000			
Total Guilders	9,657,500			
Exchange Rate (at 40 cents/Guilder, in dollars), equals	$3,863,000		$3,863,000	
Due Spain (in dollars)	$439,890		$439,890	
Total Foreign Debt			$12,198,190	**$12,198,190**
Domestic Debt				
Principal				
Certificates				
Loan Office Certificates (old emissions, reduced to specie value)	$11,463,802			
Loan Office Certificates (new emissions, in specie value)	$128,960			
Army Certificates	$10,967,146			
State Commissioner Certificates	$3,723,625			
Register of the Treasury Certificates	$715,704			
Army Staff Certificates	$1,159,170			
Sub-Total	$28,158,405			
Deduct certificates accepted for payment of Public Lands[24]	($960,915)			
Total Certificates	$27,197,490	$27,197,490		
Assumed Debt of States		$12,181,254		
Balance Owed to Creditor States		$3,517,584		
Claims for Unpaid Services and Supplies		$2,127,514		
Total Principal		$45,023,842	$45,023,842	
Interest				
Accumulated Interest		$11,398,319		
Interest on Assumed Debt of States		$6,090,561		
Interest on Balance Owed to States		$703,517		
Total Interest		$18,192,396	$18,192,396	
Total Domestic Debt			$63,216,238	**$63,216,238**
Total Debt as of January 1, 1790				**$75,414,428**

Source: *American State Papers* , Finance Series, Vol. 1, 4th Cong., 2nd Sess., House Doc. # 106 "*Public Debt*", Pp. 481-483.

24. "Liquidated Debt" means the amount of Debt specifically Accepted for Payment, and where a specific Program was worked out, for Repayment (Duties laid upon Imported Goods were slated to make the Interest Payments, whereas Public Land Sales were slated for Payment of Principal).

Please note that it appears that the number given within the Report, for Certificates accepted for payment of Public Lands ($969,015.44) transposed the numbers 0 and (the second) 9 (as well as being off by $.10). The number shown above ($960,915.34) is corrected from that actually listed in the report ($969,015.44) by deducting $8,100.10. See Source for evidence of mathematical error.

Please note that Treasury Secretary Alexander Hamilton did not list the $231,552,775 of bills of credit yet outstanding. He did, however, estimate their current (specie) value, at approximately $2,000,000 (at less than one penny on the dollar).

Continental Currency was therefore part of the "unliquidated" domestic debt (yet owing/in addition to the $75 million listed above).

That Hamilton then ignored bills of credit—upon which had been expressly pledged the "faith" of the U.S.—was made more significant, by his favoring the federal assumption of State war debts (to which the faith of the United States had never been pledged), which amounted to $12 million dollars.

When Congress enacted the legislative Act making provision for the payment of debt of the United States on August 4, 1790, members provided for paying off the Continental Currency, at the rate of:

> "one hundred dollars in the said bills, for one dollar in specie."[25]

When 99% of the stated value of hundreds of millions of dollars is lost (at the 1780's dollar value, no less), this tends to create a lasting effect in the minds of all who suffered through the loss.

Loss undoubtedly reached every man who would attend the 1787 Constitutional Convention (as well as the men who attended the State ratifying conventions), let alone every other person in the country.

That the convention delegates "barred the door" to paper currency should surprise no one who has read the history of the era.

Just as the Second Amendment was later written and ratified by men who had just liberated their country—not men who had merely gone "deer hunting"—the monetary clauses of the U.S. Constitution were proposed and adopted by men who had seen firsthand the "pestilent" effects of paper currency.

While the Articles of Confederation had expressly empowered Congress to emit bills of credit, the U.S. Constitution does not give Congress this power (while the Constitution also expressly prohibits the States from emitting the said bills, or making anything a tender, besides gold and silver coin).

Please realize that in a government of delegated powers, there is no reason to list federal powers never granted, and there is ample danger from doing so (for it would imply inherent powers never mentioned).

While Article I, Section 9 lists specific powers which members of Congress and federal officials cannot reach, those are specific limitations of general powers that were earlier given (such as the Clause 1 prohibition [for a 20-year period] on regulating the foreign importation of slaves, which is merely a restriction of a general power previously given "To regulate Commerce…" from Art. I, Sect. 8, Cl. 3).

Limiting the reach of particular powers otherwise delegated is a world of difference from prohibiting powers never delegated.

Note that Article I, Section 10 does reach to the express prohibition of particular powers prohibited the individual States, but that is appropriate since to the States are generally reserved the powers not granted to Congress and the U.S. Government.

Since many of the States/colonies had earlier emitted bills of credit and had made things a tender besides gold and silver coin, it was appropriate that such actions be expressly prohibited, to prevent the States from ever again exercising them.

Please note, as the signatories/principles to the U.S. Constitution, the States voluntarily gave up the Article I, Section 10 named powers—the States were not forced by Congress and/or the U.S. Government (the latter of which wasn't even in existence yet, until the States ratified the U.S. Constitution [and members of Congress merely represent the States, in their common meeting together, for tackling common concerns]).

25. Volume I, *Statutes at Large*, Page 138. Section 3, 1790.